

Appendix G

Washington Health Program (WHP)

Rate Instructions

This document provides the Washington Health Program (WHP) rate instructions for the period of July 1, 2010 through December 31, 2011. Vendors should reference this document as reference material in order to produce a complete Cost Proposal.

General Instructions

Vendors are responsible for ensuring that proposed rates, factors and service areas are accurately represented on the rate forms located in **Appendix H** and that all data and documentation requested in these instructions are included in their Proposals.

The HCA will communicate to each Apparent Successful Vendor (ASV) the counties in which they are awarded. Awards will be for the period of July 2010 through December 2011.

The Washington Health Program Background Information

Applicants for WHP are required to complete the Standard Health Questionnaire, unless they meet one of the exceptions in [RCW 48.43.018](#).

Applicants who qualify for coverage under the Washington State Health Insurance Pool (WSHIP), based on the results of the Standard Health Questionnaire, are not eligible to enroll in WHP. The applicant and WSHIP will both be notified of the applicant's ineligibility for WHP within 15 business days of receipt of the completed application.

Enrollees in the WHP are subject to a nine-month waiting period for pre-existing conditions. (This does not apply to maternity care, routine diabetes care or prescription drugs.) The nine-month waiting period for pre-existing conditions begins on the Enrollees' first date of coverage.

Enrollees in WHP are subject to a \$5,000.00 six-month maternity delivery services deductible. The maternity services deductible does not apply to prenatal, postnatal, or well-child care. The maternity services deductible begins on the first date of coverage or the first date of re-enrollment.

Apparently Successful Vendor (ASV) Selection

The HCA's goal is to have two health plans available for Washington Health Enrollees in every county. HCA will limit the number of ASVs to a maximum of two in each county with the exception of King County which will have a maximum of three.

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Completing Appendix H – Bid Forms A & B

The HCA will pay monthly rates to CONTRACTORS for each enrolled adult family member based on a tiered structure for age and smoker status. The rate paid for each enrolled child member is not adjusted for smoker status. Vendors will submit a base bid rate for each regional bid cell within the Vendor's service area. The base bid rate will be adjusted by the age factor and "Smoker Load" to determine the monthly rate to be paid for each demographic subsection. The Smoker Load is subject to a weighting factor of 30 percent.

Using the tab of **Appendix H** entitled **Bid Form A**, Vendor shall propose a set of age factors by placing each factor amount into the corresponding field in column F. The composite of all age factors shall be equal to 1.000. A "Smoker Load" is to be placed in field F25 on **Appendix H, Bid Form A**. The "Smoker Load" will be applied to all adult age brackets when determining the actual monthly rate to be paid to the CONTRACTOR.

Vendors will submit a base bid rate for each bid cell within the bid service area by entering a base rate in column E on **Appendix H, Bid Form B**. The bid rate should include the 2% premium tax. The maximum variation between bid rate amounts for bid cells within any region shall be 15%.

Vendors shall place a "Y" in column G on **Appendix H, Bid Form B** next to each county on which the Vendor is including in the Proposal. Bids must be for the entire county (no subsets). Vendors are not required to bid all counties within a bid cell or geographic region. Vendors shall place an "N" in Column G on **Appendix H, Rate Form B** next to each county they do not intend to serve.

Example: Vendor submits a bid for the "East" region:

Service Areas:			Population Assumption*		
East:			County	Bid Cell	Percent
Bid Cell 1 Rate:	\$180.00	Y	Spokane	465,000	75%
Bid Cell 2 Rate:	\$190.00	Y	Adams	18,000	25%
		Y	Asotin	21,500	
		N	Ferry	7,800	
		Y	Lincoln	10,450	
		Y	Pend Oreille	12,900	
		Y	Stevens	44,000	
		N	Whitman	43,300	

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Enrollment

For purposes of this procurement, WHP Enrollees are considered a separate risk pool from subsidized BH enrollees due to rate and plan benefit differences. Proposals to cover WHP Enrollees are optional and independent of subsidized Basic Health (BH).

The HCA expects to serve approximately 40,000 Washington Health enrollees by June 2011. The first coverage month will be July 2010.

Rates Paid to Plans

The HCA will pay the final negotiated monthly rate for each bid cell for enrolled WHP members based on a structure that is tiered according to age. In addition, the WHP rate for adult members will be adjusted by the Smoker Load based upon the individual adult member's smoker status. A single age factor for each band and common Smoker Load will be determined and will be applied to all CONTRACTORS and bid regions.

For the purposes of rates, an Enrollee's age will be based on the actual age as of January 1st of the plan year, regardless of the date when WHP coverage began. Rates paid to CONTRACTORS and premiums charged to Enrollees will not increase due to age during the course of the plan year.

Age Bands

	< 25
	25-29
	30-34
	35-39
	40-44
	45-49
	50-54
	55-59
	60-64
	65 +
Child	0-22*

*For the purposes of rates, student dependents and disabled dependents who are less than 23 years old will be assigned the "child" age 0-22 rates. Enrollees who are less than age 19 but not dependents, or disabled dependents 23 years or older, will be assigned the "adult" age 0-25 rates through age 24 and will be assigned to the appropriate "adult" age band at age 25 and beyond.

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Premiums Charged to Enrollees

Premiums charged to WHP enrollees will be equal to the final WHP rate plus a \$17.00 per member per month (pmpm) administrative fee for HCA program administration.

Derivation of Rates and Assumptions

All Vendors who bid on the Washington Health program must submit actuarial documentation in a format that clearly justifies each bid rate. This documentation should detail expected utilization, unit costs, and pmpm estimates by category or service. Documentation must also be provided which justifies any non-medical costs included in the bid rates such as: Administrative costs, overhead, margins, premium tax, or costs in any other category.

There will be no HCA risk adjustment of bid rates for CONTRACTORS in the WASHINGTON HEALTH programs for the plan years 2010 and 2011.

Rate Development Documentation

Each Vendor must provide documentation of the rate development process. This documentation can come in the form of a memo from the Vendor's actuary that describes critical aspects of the bid rate development. Items expected to be detailed are:

- Source data (population and time period)
- Modifications to the source data
 - Variations in covered services
 - Completion factors applied
 - Differences in populations, demographics or average morbidity
- Utilization and unit cost trend assumptions
- Impact of member cost sharing
- Development of the age factors
- Development of the smoker load
- Development of geographic variations in bid rates

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- Administrative costs

A primary contact name, phone number and email address must be provided as a source for any follow up questions regarding the bid rate development.

Plan Mergers

If a Vendor(s) submits a proposal and is involved in an acquisition of assets or merger with another organization prior to July 1, 2010 and that organization also submits a proposal, HCA will blend the proposed rates from the Vendors using a weighted average (based on the population assumptions) for each program bid.